

Subject	Authority Governance Update Report	Status	For Publication
Report to	Authority	Date	08/12/2022
Report of	Corporate Manager - Governance		
Equality Impact Assessment	Not Required	Attached	Na
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1. **Purpose of the Report**

- 1.1 To provide members with an update on current Authority governance related activity. To update Members on the actions being taken in response to audit findings by both internal audit and external audit during the current financial year and in previous financial years. Finally, to provide members with an update on recent decisions made by the Authority.
 - 1.2 A report will be provided regularly to provide assurance and monitoring of Authority governance across many areas of the business.
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2. **Recommendations**

- 2.1 Members are recommended to:
 - a. **Note the current Authority governance position.**
 - b. **Note the progress on training and development of LPB and Authority members.**
 - c. **Note the progress being made on implementing agreed management actions arising from audit reviews.**
 - d. **Note the information governance activity to enhance processes and procedures.**
 - e. **Note the reportable data breach, actions taken, and response from the ICO**
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3. **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:
Effective and Transparent Governance

- 3.2 To uphold effective governance always showing prudence and propriety.
- 3.3 The reporting of audit findings and agreed actions in response to these, is a key part of providing assurance on the adequacy of the Authority's corporate governance arrangements, particularly those relating to internal control and financial and risk management.

4 **Implications for the Corporate Risk Register**

- 4.1 The contents of this report set out the actions being taken in several areas that will contribute to addressing various risks in relation to operations and governance as detailed in the original audit reports.

5 **Background and Options**

Governance Work Progress

Considerable activity has taken place to enhance the Authority's governance arrangements since May 2022. This has included monitoring and managing elected members' knowledge and skills to ensure mandatory training compliance and expertise across the organisation. The initiation of activities to implement a second layer of risk and audit assurance across the business to enhance governance processes and ensure middle management roles and responsibility for risk and a tier of escalation to SMT. This will require a revision the Risk Management Framework once implemented. To support this work, a software system has been identified and the governance team, working with the programmes and performance team are currently scoping a business case and project plan to present to SMT in January with the intention of embedding a system to enhance risk management arrangements and provide relevant tools and guidance for managers to be responsible for risk identified in their teams.

- 5.1 Two activities have begun regarding legal requirements of the organisation. One area is to secure a contract with a firm of solicitors to act as a legal retainer in all matters on an ad hoc basis. The secondary requirement is to undertake a full review of the Constitution. This activity will include engagement with Members of the Authority, the Director and SMT, the Independent Adviser, Auditors and Monitoring Officer to review the document and ensure a current version is ready for approval by the Authority at the first meeting of the 2023/24 municipal year in June 2023.

Member Training and Development

- 5.2 Training sessions have been delivered to all members in the following areas to increase knowledge and skills:
- 28 July – Roles and responsibilities of the Audit Committee
 - 08 September – Investment Strategy Presentation (Hymans)
 - 15 September – Actuarial valuation results and issues (Hymans)
 - 20 October – Risk Management training
 - 10 November – Climate Change training

- 5.3 There has been significant activity in the LGPS mandatory training requirements with Authority and LPB members. 10/12 Authority members have completed all six modules, the remaining two members are completing the training on 06 December, I will provide a verbal update to this position during the meeting, as the paper is drafted prior to the Authority meeting. 7/10 LPB members have completed all six modules. Three members will attend site on 06 December, and one will complete remotely. There is one LPB member who has four modules to complete. With the authority of Chair and Vice Chair of the Authority and Chair of the LPB. This member has been informed they will be asked to not attend meetings until they are fully compliant.
- 5.4 A full training plan will be created for 2023/24 to ensure members receive bespoke training to enhance individuals identified knowledge and skills gaps. There will also be bespoke training for Authority, LPB and Audit members, and example scheduled so far is the CIPFA training for Audit members on 23 January 2023 on the responsibilities of Local Authority Audit Committees to strengthen governance further.

Progress on Management Actions in Response to Audit Reviews

- 5.5 The Authority's Local Code of Corporate Governance sets out the framework in which the Authority complies with the seven principles of good governance; one of which is "managing risks and performance through robust internal control and strong public financial management". One aspect of achieving this is having arrangements for assurance and effective accountability in place and ensuring that findings and/or recommendations made by both external audit and internal audit are addressed and acted upon.
- 5.6 The Audit Committee receives reports of the external auditor and of the Head of Internal Audit at regular intervals throughout the financial year. On 20 October 2022, the Audit Committee reviewed the summary of actions taken, and progress being made on implementing the actions agreed in response to audit findings during the current and previous financial years. This included agreed timescales for future completion and is actively monitored.

Information Governance Activity

- 5.7 Considerable activity has commenced to enhance the Authority's information governance arrangements. This will include IT and Cyber Security going forward, although this is not reported in this update. The Governance team are working on enhancing processes and procedures relating to information governance (including data protection policy and impact assessments for example) throughout the organisation with the involvement of internal audit in an advisory capacity as a 'critical friend'. A focused action tracker has been implemented and agreed with the auditors which scopes those areas that the team will focus on during the remainder of 2022/23 and agreed timeframes for implementation. The Governance team are currently on track with these actions. A full audit review will be carried out during Q4 of the current year to track progress and provide assurance on the robustness of the controls in this area

Data Breach

- 5.8 A data breach occurred on 19 September 2022, a bank holiday when the office was closed. The external letter box was tampered with and post stolen and strewn across the path and road outside the building. It was identified that the documentation

retrieved that had been tampered with related to 17 data subjects (scheme members). Through CCTV footage it is evident that the assailant's intentions were to seek cash, and therefore the documentation was discarded. It is not known whether any further post was taken from site.

- 5.9 All internal protocols were followed and reported to the Data Protection Officer (Rob Winter – Head of Internal Audit). All the affected data subjects were informed of the breach and assurance provided that the documentation was retrieved and that any damaged documentation will be replaced and/or costs reimbursed by the Authority. The external letter box was immediately taken out of use and post is now only accepted during office hours when it can be handed to a member of staff.
- 5.10 Whilst the incident was low risk and pertained to a small number of data subjects, the decision was taken by the DPO, Corporate Manager – Governance and the Governance and Risk Officer to report the incident to the Information Commissioner's Office (ICO) along with the actions already taken and those that would be taken as preventative measures in future. The ICO have now responded to advise there is no action to be taken and provided three recommendations which all reflected the actions we had proposed in the report to the ICO. These included reviewing the procedures for accepting post and making all relevant staff aware of this, considering alternative methods for receipt of sensitive documentation such as being accepted by hand during office hours only and requiring a signature on receipt.

6 Implications

- 6.1 The proposals outlined in this report have the following implications:

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

Jo Stone

Corporate Manager - Governance

Background Papers	
Document	Place of Inspection
None	-